

H1 REPORT

2022

OUR MISSION:

TO EMPOWER YOURS



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FINANCIAL HIGHLIGHTS

	Units	Q2 2022	Q2 2021	Δ (in %)	H1 2022	H1 2021	Δ (in %)
Revenue	kEUR	26,087	16,353	60%	42,474	31,737	34%
EBITDA	kEUR	1,342	(4,073)	n/a	(3,032)	(6,214)	51%
EBITDA margin (as a % of Revenue)	%	5%	(25%)	n/a	(7%)	(20%)	64%
Period Result	kEUR	(1,724)	(7,137)	76%	(9,106)	(12,256)	26%
EPS	EUR	(0.08)	(0.36)	79%	(0.40)	(0.62)	35%
Order Intake	kEUR	22,570	11,305	100%	39,433	24,746	59%
Order Backlog (As of the end of)	kEUR	49,131	30,246	62%	49,131	30,246	62%

GROUP MANAGEMENT REPORT

SLM Solutions Group AG ("SLM Solutions", "SLM" or the "Company") is a forward-thinking technology Company that has consistently created world firsts in the field of metal additive manufacturing. SLM Solutions has a proud technology heritage as one of the core inventors of the process and continues to push the boundaries of additive manufacturing thanks to the creativity of the Company's global workforce, of which >40% are engineers.

PRO FORMA INTERIM CONSOLIDATED INCOME STATEMENT

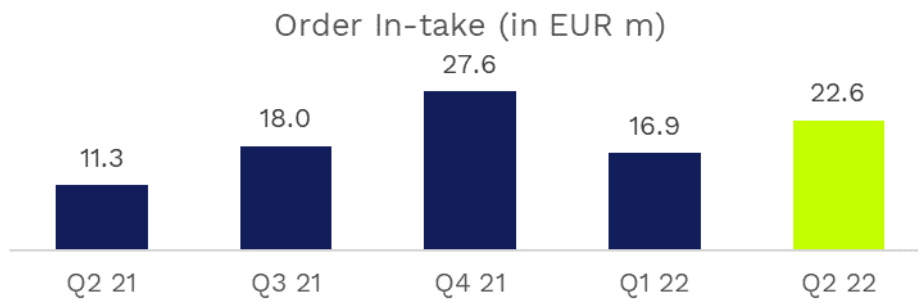
The following Pro Forma Consolidated Income Statement is based on the cost of sales method of accounting which will be adopted in full beginning from the Annual Report of FY 2022. In the interim, the Company will provide a pro forma and unaudited consolidated income statement based on the cost of sales method of accounting. The restatement of prior period figures are estimated based on the best available information as of the reporting date and will be audited by KPMG AG Wirtschaftsprüfungsgesellschaft as part of the annual audit.

(in kEUR)	H1 2022	H1 2021
Revenue	42,474	31,737
Costs of goods sold	(26,153)	(18,317)
Gross profit	16,322	13,420
Sales costs	(8,676)	(8,349)
Administration costs	(10,778)	(11,461)
Research & Development costs	(5,409)	(4,402)
Other operating income	2,045	1,279
Other operating expenses	(313)	(446)
Earnings before interest and taxes (EBIT)	(6,810)	(9,958)
Interest and similar expenses	(2,516)	(2,611)
Interest & Other Income	17	22
Earnings before taxes	(9,309)	(12,547)
Income Tax	203	291
Result for the period	(9,106)	(12,256)
Number of shares (in '000s)	22,704	19,779
Earnings per share	(0.40)	(0.62)
Earnings before interest and taxes (EBIT)	(6,810)	(9,958)
Depreciation	3,778	3,744
EBITDA	(3,032)	(6,214)

RESULTS OF OPERATIONS

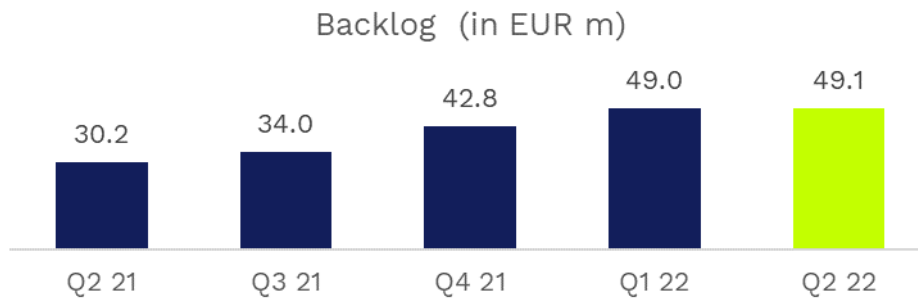
Orders

In the second quarter of 2022, SLM Solutions received orders for systems in total amounting to kEUR 22,570 (Q2 2021: kEUR 11,305). The significant increase in order intake is reflective of the robust demand environment for metal additive manufacturing. The Company continues to see a growing demand for its additive manufacturing systems as the ongoing industrialization of the technology gathers pace. During the second quarter of 2022, SLM Solutions took in a higher number of orders for its existing portfolio as compared to the corresponding quarter in 2021. Furthermore, the Company added two orders for the NXG XII 600 into the order backlog position.



Backlog

As of June 2022, SLM Solutions' order backlog position amounted to kEUR 49,131, marginally higher as compared to the end of March 2022 (kEUR 48,960) and was 62% higher as compared to the order backlog as of June 2021 (kEUR 30,246). The order backlog position at the end of the second quarter of 2022, was primarily driven by comparatively higher order intake levels for the existing portfolio as well as continued customer interest for the NXG XII 600.

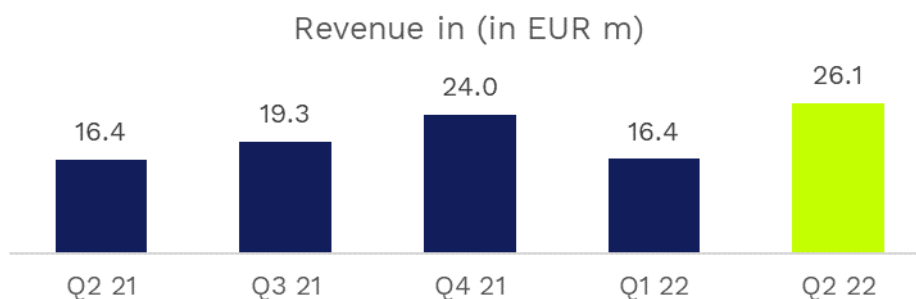


Revenue

SLM Solutions generated revenues of kEUR 26,087 during the second quarter of 2022, increasing by 60% as compared to Q2 2021 (kEUR 16,353). As a result of this strong topline performance in Q2 2022, the Company posted record revenues of kEUR 42,474 for H1 2022, 34% higher as compared to the comparable period in 2021 (kEUR 31,737).

The Machine Business segment recorded revenues amounting to kEUR 32,023 during the first half of 2022, increasing by 37% as compared to the first half of 2021 (kEUR 23,381). This increase was primarily driven by the completion of the first two NXG XII 600 production systems in Q2 2022, supported by the strong performance of the existing portfolio. The impact of continued disruptions to global supply chains remained even in the second quarter of 2022, however the Company was able to maneuver past these disruptions to a considerable extent.

Revenue recognition from the After-Sales Business segment amounted to kEUR 10,451 for the first half of 2022, reflecting an increase of 25% over the corresponding period in 2021 (kEUR 8,356). The After-Sales Business segment has benefited from a concerted effort towards enhancing the value proposition to customers. As a result, the Company has seen increasing demand for consumables and other recurring as well as ad-hoc services from customers.



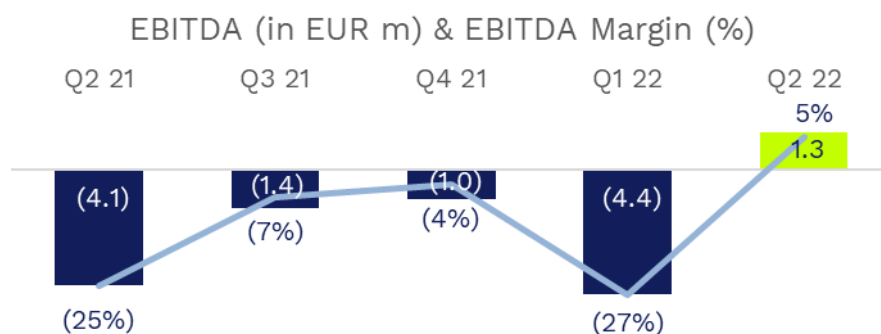
EBITDA

During the first half of 2022, SLM Solutions recorded EBITDA of kEUR -3,032, improving by over 50% as compared to the corresponding period in 2021 (kEUR -6,214). This improvement was primarily enabled by a strong performance in the second quarter of 2022. SLM Solutions posted an EBITDA of kEUR 1,342 for Q2 2022, a notable increase as compared to Q2 2021 (kEUR -4,073).

As a result of the strong operating leverage in the business, the bottom line was significantly benefited from the growing top line. The completion of the first two NXG XII 600 productions systems in Q2 2022 combined with the continued strength in the performance of the existing portfolio have enabled SLM Solutions to post record revenues of kEUR 42,474 during the first half of 2022. At the same time, the Company's focus on operational efficiency have helped to limit the increase in total operating costs, thereby supporting operational profitability. SLM Solutions' EBITDA was also supported by positive one-off effects such as the reversal of provisions no longer required along with foreign exchange gains as the USD appreciated considerably during the reporting period.

For the first half of 2022, SLM Solutions' EBITDA margin improved to -7% as compared to the comparable period, H1 2021 (-20%).

Operational efficiency, especially on the assembly line continues to be impacted by ongoing supply chain disruptions. However, SLM Solutions remains committed towards taking proactive steps to mitigate these disruptions.



FINANCIAL POSITION

Net Assets

(in kEUR)	30.06.2022	31.12.2021
Total current assets	104,814	79,775
Total non-current assets	70,817	69,261
Total assets	175,631	149,036
Total current liabilities	61,214	84,236
Total non-current liabilities	86,689	32,129
Total Liabilities	147,902	116,366

Total assets as of the end of June 2022 was kEUR 175,631 (Dec 2021: kEUR 149,036). This increase in total assets was mainly driven by a higher liquidity and inventory position of the Company. As of the end of June 2022, SLM Solutions had a liquidity position of kEUR 37,093 (Dec 2021: kEUR 24,998). This increase as compared to year-end 2021 was due to the issuance of the third tranche of the Convertible Bonds 2020/2026, amounting to kEUR 30,213 during the second quarter of 2022. The balance of inventory was kEUR 35,680 at the end of June 2022, notably higher as compared to the end of December 2021 (kEUR 25,842). The inventory position build-up can be attributed to the upcoming shipments including a larger amount of the NXG XII 600s as compared to the first half of 2022.

Total Liabilities as of June 2022 amounted to kEUR 147,902 as compared to year-end 2021 (kEUR 116,366). Total non-current liabilities increased as a result of the issuance of the third tranche of the Convertible Bonds 2020/2026. Additionally, during the second quarter of 2022, holders of the Convertible Bond 2017/2022 with a notional value of EUR 29.8 million exercised their right to early redemption in October 2022. Therefore, while this portion of bonds remain classified under current liabilities, the remaining portion of bonds with a maturity date of 11 October 2024, have been reclassified from current liabilities to non-current liabilities as of June 2022.

Cash Flow

(in kEUR)	H1 2022	H1 2021
Net cash flows from operating activities	(10,531)	(11,138)
Net cash flows from investing activities	(5,239)	(4,255)
Net cash flows from financing activities	27,542	11,778
Net increase / (decrease) in cash and cash equivalents	11,772	(3,614)
Change in financing funds due to exchange rate changes	323	225
Cash and cash equivalents at the beginning of the period	24,998	18,864
Cash and cash equivalents at the end of the period	37,093	15,475

Net cash flows from operating activities during the first half of 2022 was kEUR -10,531, an improvement as compared to H1 2021 (kEUR -11,138). This improvement was primarily due to the business' improved operational profitability, which was partially offset by other operating cash flows. Especially during the second quarter of 2022, SLM Solutions' operational profitability benefitted from a higher topline combined with the business' strong operating leverage. As a result, the Company posted an EBITDA of kEUR -3,032 for the first half of 2022, an improvement of over 50% as compared to H1 2021. This was further complemented by a decrease in receivables and partially offset by other factors such as an increase in inventory levels, decrease in payables and other liabilities.

Net cash flows from investing activities during the first half of 2022 was kEUR -5,239, a higher cash outflow in comparison with the corresponding period in 2021 (kEUR -4,255). This increase was driven by a higher level of investments into product development. Capitalized outlays in this regard amounted to kEUR 4,640 during H1 2022, higher by 24% as compared to the first half of 2021 (kEUR -3,743).

Net cash flows from financing activities during the first half of 2022 amounted to kEUR 27,542, as compared to H1 2021 (kEUR 11,778). During the first half of 2022, SLM Solutions issued the third tranche of the Convertible Bonds 2020/2026 amounting to kEUR 30,213. This cash inflow was offset by other financial cash outflows including interest payments, loans and finance lease repayments.

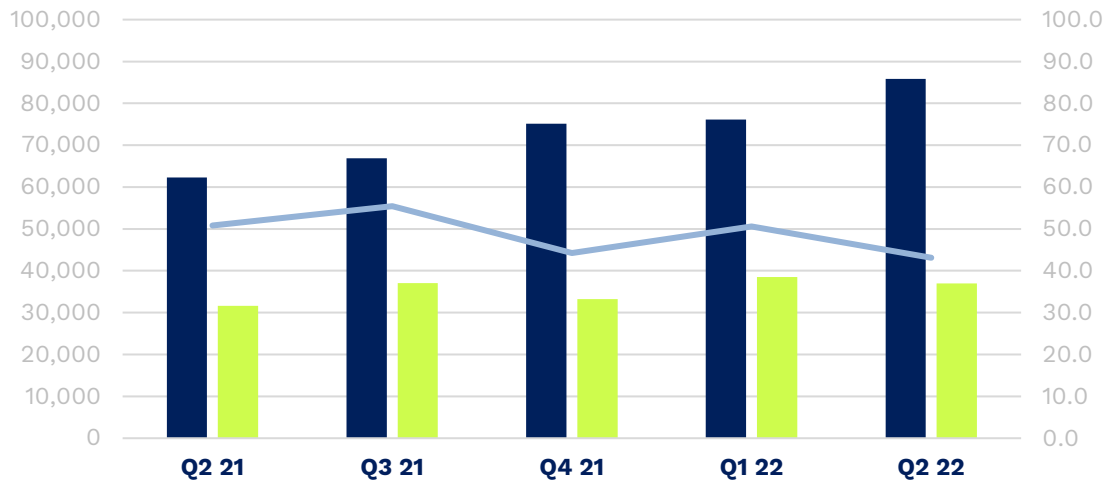
As a result at the end of the first half of 2022, SLM Solutions' balance of cash and cash equivalents increased by kEUR 11,772, as compared to a decrease during the corresponding period in 2021 (kEUR -3,614). As at the end of June 2022, and including the effect of exchange rate changes, SLM Solutions had a balance of cash and cash equivalents of kEUR 37,093.

Working Capital

Working capital as of the end of June 2022 amounted to kEUR 37,015, higher as compared to the end of December 2021 (kEUR: 33,260). This increase can be largely attributed to the build-up of inventories during the first half of 2022 for upcoming machines to be delivered in the remainder of the year, partially offset by a decrease in the balance of trade receivables and an increase in customer down payments received as of June 2022.

The working capital intensity metric, which is computed based on revenues over the last twelve months decreased to 43% at the end of June 2022, reflecting the improved topline performance of the business.

Working Capital (%)



■ Revenue LTM (kEUR)	62,318	66,900	75,115	76,119	85,853
■ Working Capital as on Balance Sheet Date (kEUR)	31,664	37,084	33,260	38,535	37,015
■ Working Capital Intensity (%)	51%	55%	44%	51%	43%

OPPORTUNITITES AND RISKS

The opportunities and risks classified as action relevant on pages 72-78 in the Annual Report 2021 have been reviewed and are still considered relevant as of the issue date of this report. For further information on previously identified risks and opportunities, please refer to the detailed description in our Annual Report 2021, which is available on the Company's website www.slm-solutions.com in the "Investor Relations" section under "Reports & Publications" and further under "Reports".

FORECAST

In November 2021, SLM Solutions announced guidance for FY 2022 as below:

- Revenue of at least EUR 100.0 million for FY 2022
- Significant improvement in earnings before interest, taxes, depreciation and amortization (EBITDA) for FY 2022, reaching a positive EBITDA on a quarterly basis in the second half of FY 2022.

The Company based its FY 2022 guidance on the assumptions that the supply chain constraints will ease in the second half of 2022, SLM's key markets in Europe, the US and Asia do not experience any significant COVID-19 restrictions and that the company is able to ramp-up its production of the NXG XII 600 as planned.

The Company expects the challenging supply situation especially in regards to electronic components to remain difficult until at least the end of the year. However, the demand for metal additive manufacturing in the Company's key markets remains robust. The first two NXG XII 600 production systems were completed in Q2 2022 and the Company anticipates an acceleration in the pace of deliveries in the second half of 2022.

Accordingly, having considered the performance of the business in the first half of 2022, the Management Board confirms its guidance for FY 2022. To achieve the guidance, it is essential that the Company is able to successfully mitigate the supply chain constraints similar as in the first half of the year which remains the key risk for the Company.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period from
1 January to 30 June 2022

INTERIM CONSOLIDATED INCOME STATEMENT

For the six-month period from 1 January to 30 June 2022

	H1 2022	H1 2021
(in kEUR unless specified)	Unaudited	Unaudited
Revenue	42,474	31,737
Increase/decrease of finished and unfinished stock on hand	8,425	3,906
Other activated contributions	3,515	3,223
Total output	54,414	38,866
Cost of material	(27,504)	(18,128)
Gross profit	26,910	20,738
Payroll	(22,845)	(19,286)
Other operating income	2,045	834
Other operating expenses	(9,142)	(8,500)
EBITDA	(3,032)	(6,214)
Depreciation & amortization	(3,778)	(3,744)
Earnings before interest and taxes (EBIT)	(6,810)	(9,958)
Interest and similar expenses	(2,516)	(2,611)
Interest & Other Income	17	22
Earnings before taxes	(9,309)	(12,547)
Tax payable	203	291
Result for the period	(9,106)	(12,256)
Number of shares (in '000s)	22,704	19,779
Earnings per share*	(0.40)	(0.62)

*undiluted and diluted, calculated with 22,703,789 shares (Previous period: 19,778,953)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period from 1 January to 30 June 2022

	H1 2022	H1 2021
(in kEUR)	Unaudited	Unaudited
Result for the period	(9,106)	(12,256)
Income and expenditure not to be reclassified to profit or loss in the future:		
Actuarial Profit and Loss	0	0
Income and expenditure to be reclassified to profit or loss in the future:		
Income/Expenses from currency conversion	585	(14)
Other comprehensive income	585	(14)
Consolidated total comprehensive income	(8,521)	(12,270)
Attribution of comprehensive income:		
Shareholders of SLM Solutions Group AG	(8,521)	(12,270)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2022

(in kEUR)	30.06.2022	31.12.2021	30.06.2021
	Unaudited	Audited	Unaudited
Assets			
Cash and cash equivalents	37,093	24,998	15,475
Trade receivables	18,643	22,231	18,030
Inventories	35,680	25,842	25,960
Current tax receivables	39	490	0
Other non-financial assets	13,360	6,214	5,369
Total current assets	104,814	79,775	64,835
Intangible assets	35,460	32,601	30,166
Property, land and equipment	34,185	35,757	37,010
Other financial assets	240	718	198
Other non-financial assets	294	101	142
Deferred tax liabilities	638	83	327
Total non-current assets	70,817	69,261	67,843
Total assets	175,631	149,036	132,678

	30.06.2022	31.12.2021	30.06.2021
(in kEUR)	Unaudited	Audited	Unaudited
Equity and liabilities			
Trade payables	10,069	11,008	8,153
Financial liabilities	33,930	60,453	3,640
Other non-financial liabilities	13,122	7,872	8,569
Provisions	3,847	4,896	5,311
Tax provisions	246	7	11
Total current liabilities	61,214	84,236	25,684
Financial liabilities	73,243	20,112	86,858
Pensions and similar obligations	6,566	6,304	7,221
Other financial liabilities	748	771	771
Other non-financial liabilities	48	0	44
Provisions	111	111	97
Deferred tax liabilities	5,974	4,831	6,364
Total non-current liabilities	86,689	32,129	101,355
Total liabilities	147,902	116,366	127,039
Total equity	27,729	32,671	5,639
Equity and liabilities (total)	175,631	149,036	132,678

INTERIM CONSOLIDATED STATEMENT OF CASHFLOWS

For the six-month period from 1 January to 30 June 2022

	H1 2022	H1 2021
(in kEUR)	Unaudited	Unaudited
Result for the period	(9,106)	(12,256)
Depreciation, amortization and impairment losses	3,778	3,744
Interest expenses	2,516	2,611
Interest income	(17)	(22)
Income tax	(203)	(291)
Change in assets and liabilities	(7,499)	(4,924)
Inventories	(9,837)	(5,190)
Accounts receivable	3,588	(4,581)
Pensions and similar obligations	261	239
Liabilities	(939)	1,171
Provisions	(1,049)	229
Other assets and liabilities	478	3,208
Income taxes paid	0	0
Net cash flows from operating activities	(10,531)	(11,138)

	H1 2022	H1 2021
(in kEUR)	Unaudited	Unaudited
Cash flows for investments in intangible assets and property, plant and equipment	(1,741)	(1,054)
Investments in development costs	(3,515)	(3,223)
Interest received	17	22
Net cash flows from investment activities	(5,239)	(4,255)
Contribution from convertible bond	30,213	15,000
Cash outflows for loans	(665)	(666)
Repayment of lease liabilities	(172)	(116)
Interest payments	(1,833)	(2,440)
Net cash flows from financing activities	27,542	11,778
Net decrease in cash and cash equivalents	11,772	(3,614)
Change in financing funds due to exchange rate changes	323	225
Cash and cash equivalents at the start of reporting period	24,998	18,864
Cash and cash equivalents at the end of reporting period	37,093	15,475

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period from 1 January to 30 June 2022

(in kEUR)	Subscribed capital	Capital reserve	Consolidated loss for the period included in retained earnings	First time application reserve	Foreign exchange equalization reserve	Other reserves	Equity
As at 01 January 2022	22,702	134,322	(121,964)	(549)	(544)	(1,296)	32,671
Consolidated group result			(9,106)				(9,106)
Equity from convertible bond	2	3,577					3,579
Change of equity from foreign currency					585		585
As at 30 June 2022	22,704	137,899	(131,070)	(549)	41	(1,296)	27,729
As at 01 January 2021	19,779	100,583	(101,588)	(549)	(656)	(1,800)	15,769
Consolidated group result			(12,256)				(12,256)
Equity from convertible bond		2,141					2,141
Change of equity from foreign currency					(14)		(14)
As at 30 June 2021	19,779	102,725	(113,845)	(549)	(670)	(1,800)	5,639

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period from 1 January to 30 June 2022

NOTE 1: BASIS OF PREPARATION

The interim consolidated financial statements were prepared in line with the principles of International Financial Reporting Standards (IFRS), as applicable in the European Union, as well as with additional applicable provisions pursuant to Section 315e (1) of the German Commercial Code (HGB).

The interim consolidated financial statements have been prepared on the basis of amortized, historical cost of acquisition or production, and are presented in thousands of Euros (kEUR). Minor differences in figures can occur as the result of commercial rounding.

The interim consolidated financial statements were not audited by KPMG AG Wirtschaftsprüfungsgesellschaft or any other third party.

NOTE 2: PRESENTATION OF REPORTABLE SEGMENTS

1 January to 30 June 2022 (in kEUR)	Machine Business	After Sales Business	Total
Revenue	32,023	10,451	42,474
Expenditure	(32,691)	(12,816)	(45,507)
EBITDA	(668)	(2,365)	(3,032)
Depreciation			(3,778)
Interest			(2,499)
Income Tax			203
Result for the period			(9,106)

1 January to 30 June 2021 (in kEUR)	Machine Business	After Sales Business	Total
Revenue	23,381	8,356	31,737
Expenditure	(25,997)	(11,954)	(37,951)
EBITDA	(2,616)	(3,598)	(6,214)
Depreciation			(3,744)
Interest			(2,589)
Income Tax			291
Result for the period			(12,256)

NOTE 3: FINANCIAL LIABILITIES

1. The financial liabilities are especially impacted by the issue of the third tranche of the Convertible Bond 2020/2026 with a volume of EUR 30.2 million on 14 June 2022. The conversion price is EUR 8.75 with otherwise unchanged conditions compared to the first and second tranche of the Convertible Bond 2020/2026.
2. The terms and conditions of the Convertible Bonds 2017/2022, which was issued on 11 October 2017, were amended in 2022. In this context, each bondholder had the option to demand early repayment of all or part of the bonds held by it at the nominal amount plus accrued interest on 11 October 2022 (the "Election Repayment Date") by submitting a corresponding declaration on 8 April 2022. For those investors who have not made use of this option, the terms and conditions of the Bonds have changed, in particular with regard to the Final Maturity Date, 11 October 2024, and the interest rate, which will increase from 5.5% to 7.5% per annum from 11 October 2022.

The part of the Convertible Bonds 2017/2022 due on 11 October 2022 is reported under current financial liabilities.

RESPONSIBILITY STATEMENT

We give our assurance that, to the best of our knowledge and in accordance with the applicable accounting principles, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the course of business, including the business result and the position of the Group, is portrayed in such a way in the Group Management Report that a true and accurate picture is conveyed and that the significant opportunities and risks of the Group's future development are fairly described.

Lübeck, August 18, 2022



Sam O'Leary



Dirk Ackermann



Charles Grace